

Hiring in the Midst of Firing...

Even during a
recession, many
workers find new
jobs.

So, what is up with an article about new hires in the midst of a recession? If you are out of work, you might be thinking nobody is hiring, and you might as well go eat worms. Well, let's talk about the startling reality.

I've been an economist for a long time, but until data from the U.S. Census Bureau in the form of the Local Employment Dynamics (LED) program was available, I had no idea just how fluid the labor market is. LED reveals that even during the height of a recession there is a lot of hiring and job-changing going on. A "hire" in this case simply represents a person on a company's payroll in the current quarter that wasn't on the payroll in the previous quarter.

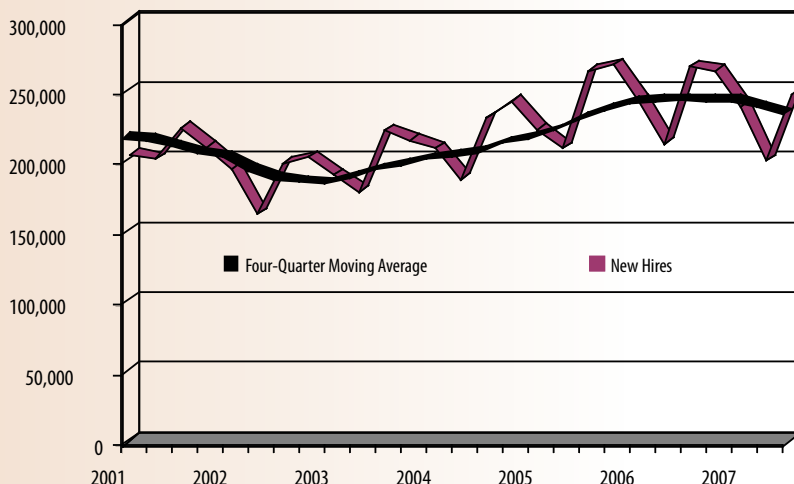
During the "trough" of the last recession, and at the bottom of seasonal hiring (first quarter 2003), new hires still represented 16 percent of total Utah employment. That means one in six people had a new job. If you get rid of the seasonality with a moving four-quarter average, the lowest rate of hires was 18 percent. Interestingly, at the height of the recent boom, the four-

quarter moving average wasn't all that much higher—21 percent.

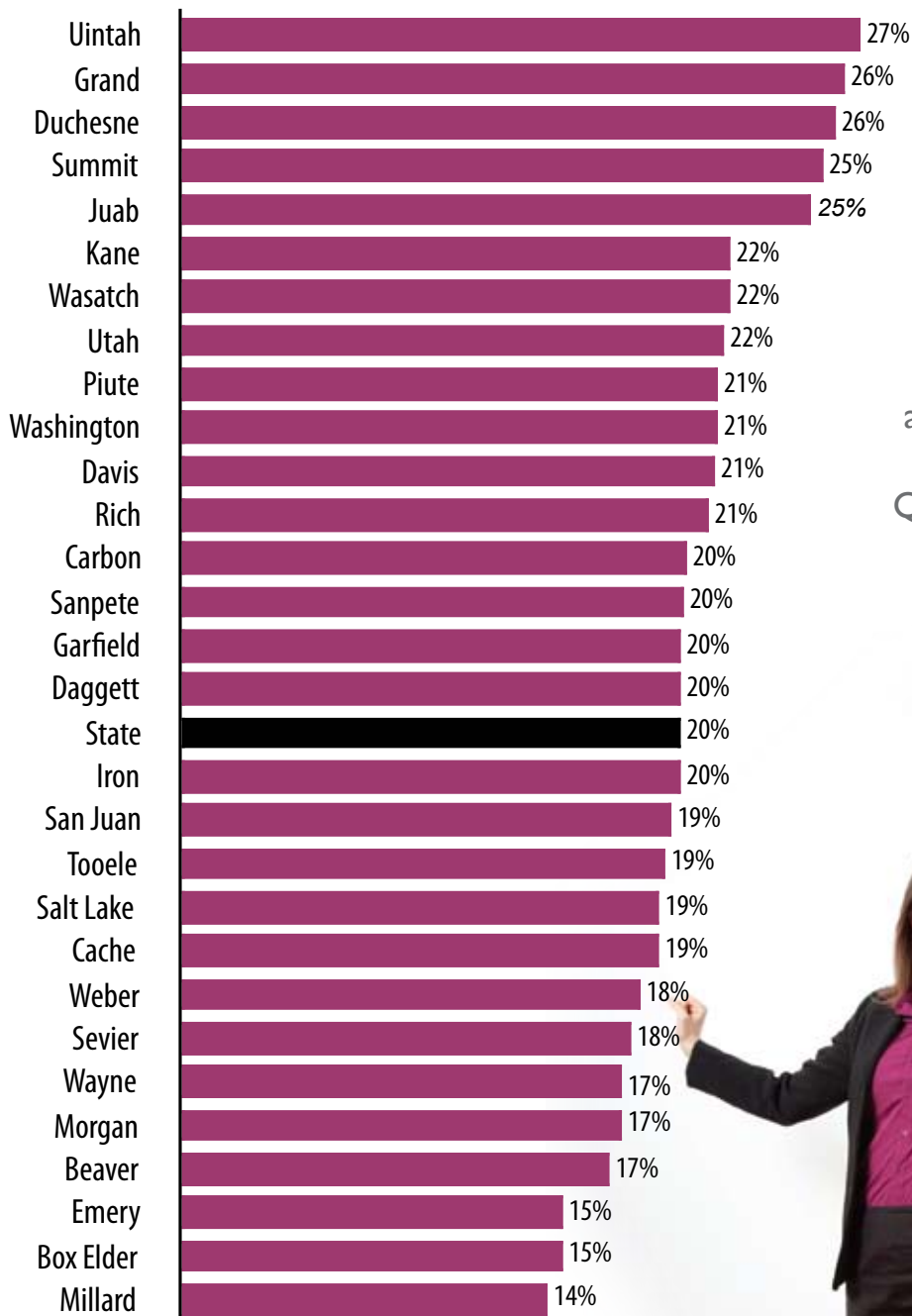
How can there be so many hires when the economy is shrinking? Some industries continue to grow even during a recession. Plus, people change jobs, move, go back to school, retire, leave the labor force to raise their kids, etc. All this change creates "replacement" openings. The good news? Even during the recession, there are job openings. The bad news? There are more workers chasing a reduced number of openings.

Where are we right now? Well, one bad thing about LED data is that it takes a while to crunch the data. The most recent data available is for second quarter 2008; the Utah labor market didn't go in contraction until the end of 2008. During that quarter, a wide variance in hire rates was apparent—from energy-booming Uintah County with 27 percent new hires to Millard County with 14 percent new hires. Even Washington and Iron counties, which were contracting during the second quarter, showed at least 20 percent of employment in the new-hire category. ①

Utah
New Hires



Source: U.S. Census Bureau; Local Employment Dynamics Program.



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Hires
as a Percent of Total
Employment; Four
Quarters Ending June
2008

For more information see:
<http://lehd.did.census.gov/>

